

Advanced Foundation Trust Programme and Integrated Health Organisations guide for applicants consultation: FSH submission

Monday 12th January 2026

The Federation of Specialist Hospitals has responded to NHS England's consultation on the Advanced Foundation Trust (AFT) Programme and Integrated Health Organisations (IHOs), supporting the overall direction of travel while highlighting areas where the proposals would benefit from ambition and clarity. For trusts that are already performing well, we propose there should be scope for a more proportionate approach, enabling automatic AFT status through existing assurance frameworks rather than further five-yearly assessment.

The FSH recognises the government's ambition to increase autonomy for high-performing trusts and to enable new models of integrated, population-based care. However, the proposed AFT freedoms appear modest relative to existing flexibilities already available to many specialist providers and the assessment framework risks creating unnecessary administrative burden without delivering sufficiently differentiated benefits. Greater clarity is also needed on the incentives, flexibilities and safeguards associated with IHO contract holder designation, particularly for geographically dispersed or rare-condition populations.

Key elements of our response:

AFT freedoms: While the FSH is supportive of the principle of increased autonomy, the proposed freedoms offer limited additional benefit for many specialist providers already operating at tier one or two under the NHS Oversight Framework (NOF). The most tangible change is the ability to retain and roll over surpluses; further ambition is required for the AFT programme to deliver a meaningful step-change.

Assessment burden: The proposed assessment criteria and five-year reassessment cycle risk imposing disproportionate administrative burden on consistently high-performing trusts. A more proportionate approach at the outset – such as automatic AFT status for NOF tier one or two providers – would better align with the programme's capability-based ethos.

Capability-based regulation: The FSH supports the move towards lighter-touch, capability-based regulation, but it is important to recognise the unique operating context of specialist and cross-border providers. Greater clarity is also needed on how regulatory responsibilities will be shared between national and regional teams.

Capital and commercial income constraints: Current capital regime rules, particularly the application of CDEL to commercially generated income, restrict trusts' ability to reinvest in research, innovation and infrastructure. Targeted reform could enable high-performing providers to scale clinical trials, support life sciences priorities and reinvest sustainably in patient care.

Innovation and system leadership: AFTs could play a stronger role as system-level test beds for clinical and operational innovation; the programme should place greater emphasis on enabling AFTs to capture, evaluate and share best practice across the NHS.

Governance and engagement: The FSH supports greater flexibility in governance arrangements, provided this is accompanied by robust and meaningful engagement with patients, carers and staff under any new models.

Integrated Health Organisation capability criteria: The proposed IHO criteria broadly reflect the capabilities required to deliver population-based care, but greater consideration is needed of how IHOs could operate across organisational and geographical boundaries, including in support of specialised commissioning.

Eligibility for IHO designation: Widening eligibility for IHO status beyond AFTs could be appropriate where it addresses entrenched system challenges, provided a robust capability-based framework remains in place to ensure only organisations equipped to lead integration are eligible.

Incentives and benefits of IHO designation: While the guide sets out expectations and assessment criteria in detail, there is limited clarity on the practical benefits, flexibilities or incentives associated with holding an IHO contract. Greater transparency on the balance of risk and reward might strengthen engagement with the model.

Health inequalities and specialised services: While supportive of the ambition to reduce health inequalities, the FSH highlights the risk that place-based IHO models could inadvertently disadvantage geographically dispersed or rare-condition populations. Safeguards are needed to ensure specialised services remain accessible and appropriately resourced.